

Message Text

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ACTION EB-06

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FM AMEMBASSY OTTAWA

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C O N F I D E N T I A L OTTAWA 3425

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FOR EB/FSE AND EUR/CAN

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SUBJ ENERGY: REPORT ON FEA CONTRACTORS VISIT TO CANADA

REFS (A) OTTAWA 3403 (B) STATE 215833

1. IN ACCORDANCE WITH ESTABLISHED EMBASSY PROCEDURE, UPON RECEIPT OCTOBER 1 OF REFTEL (B) WE IMMEDIATELY INFORMED EXTERNAL AFFAIRS BOTH ORALLY AND IN WRITING OF PROPOSED OCTOBER 7-8 FEA CONTRACTORS VISIT TO OTTAWA AND SOUGHT ASSISTANCE IN MAKING APPOINTMENTS AS REQUESTED. WE ALSO INFORMED EXTAFF THAT THE CONTRACTORS WOULD BE VISITING OIL COMPANIES IN TORONTO AND CALGARY OCTOBER 9-11 AND THAT WE WOULD ASK CONGEN CALGARY TO SET UP APPOINTMENTS IN EDMONTON WITH ALBERTA PREMIER AND PROVINCIAL MINISTERS.

2. ON MORNING OF OCTOBER 2, CONTRACTORS TELEPHONED FROM LOS ANGELES TO INQUIRE ABOUT STATUS OF ARRANGEMENTS. ECON COUNSELOR TOLD THEM OF APPROACH TO EXTAFF AND SAID EMBASSY WAS AWAITING RESPONSE FROM EXTAFF. KRUEGER EXPRESSED UNDERSTANDING OF PROCEDURE BUT CONSIDERABLE DISMAY THAT EMBASSY HAD NOT RECEIVED EARLIER NOTIFICATION OF PROPOSED VISIT WHICH HE SAID HAD BEEN WORKED OUT WITH FEA SOME THREE WEEKS BEFORE.

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3. EXTAFF REPORTED (SEE OTTAWA 3206) TO THE EMBASSY LATE OCTOBER 2 THAT GOC OFFICIALS WITH WHOM APPOINTMENTS REQUESTED WOULD EITHER BE OUT OF TOWN OR HAD FULL SCHEDULES. IF FEA CONTRACTOR VISIT WERE RE-SCHEDULED EXTAFF PROMISED RENEWED EFFORTS TO SECURE APPOINTMENTS. EXTAFF CHOSE NOT TO NOTE OR COMMENT UPON FACT THAT VISITORS WOULD BE VISITING OIL COMPANIES OR PROVINCIAL OFFICIALS.

4. BECAUSE OF SHORTNESS OF TIME, EMBASSY COMMUNICATED THIS INFORMATION DIRECTLY TO KRUEGER/ALANIS IN LOS ANGELES. THEY STATED THEIR DESIRE TO PROCEED WITH VISIT AS PLANNED AND REQUESTED BEST EFFORTS TO SECURE APPOINTMENTS WITH SECONDARY-LEVEL OFFICIALS IN OTTAWA. ON THIS BASIS, EXTAFF ARRANGED ROUNDTABLE AT EXTAFF FOR OCTOBER 8 AND IN ADDITION TO PARTICIPANTS LISTED IN REFTTEL (A) INDICATED THAT REPRESENTATIVE FROM DEPARTMENT OF ENERGY, MINES AND RESOURCES (EMR) WOULD ALSO BE PRESENT.

5. AT OCTOBER 8 MEETING, EMR OFFICIAL DID NOT IN FACT APPEAR AND EXTAFF OFFICIAL STATED FOR EMR ASSISTANT DEPUTY MINISTER HOPPER WISHED TO RELAY MESSAGE THAT WHENEVER HE WAS VISITING FEA IN WASHINGTON HE WOULD BE AMENABLE TO ANSWER ANY QUESTIONS PUT TO HIM BY ANYONE FEA WISHED TO INVITE TO A MEETING. WHETHER INTENDED OR NOT, THE TENOR OF THE MESSAGE WAS THAT EMR WAS NOT RPT NOT RECEPTIVE TO MEETING WITH THE FEA CONTRACTORS IN CANADA AND THE ABSENCE OF ANY EMR REPRESENTATIVE AT THE ROUNDTABLE REINFORCES EMBOFF'S IMPRESSION THAT EMR BOYCOTTED THE EXTAFF-ARRANGED MEETING.

6. WHILE ROUNDTABLE MEETING, AS REPORTED, CAME OFF IN CORDIAL MANNER, GOC OFFICIALS WERE QUITE OBVIOUSLY SUSPICIOUS OF KRUEGER'S QUESTIONING (ALANIS WAS SILENT THROUGHOUT NEARLY 3-HOUR SESSION). AT LEAST HALF OF THE SESSION WAS DEVOTED TO THE ECG AND THE IEP AGREEMENT AND CONSTANT PROBING BY KRUEGER AS TO HOW CANADA SEES THIS CONSUMER ORGANIZATION DEVELOPING, CONFIDENTIAL

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THE NEED FOR A CONSUMER-PRODUCER MEETING, AND WHAT ROLE CANADA THINKS THE USG SHOULD TAKE IN WORLD OIL MATTERS. KRUEGER ALSO TOUCHED SOME SENSITIVE NERVES BY PROBING ABOUT THE ROLE OF THE OIL COMPANIES IN CANADA. IN ONE MAJOR FAUX PAS, DESPITE EMBOFF WARNING PRIOR TO THE MEETING NOT TO VOLUNTEER INFORMATION ABOUT DIRECT CONTACTS WITH THESE "CANADIAN" COMPANIES, KRUEGER MENTIONED THAT HE HAD SENT DETAILED QUESTIONAIRES

TO THE COMPANIES ON A WHOLE GAMUT OF QUESTIONS, APPARENTLY INCLUDING SOME ON HOW THEY HAD HANDLED DISTRIBUTION DURING LAST WINTER'S OIL CRISIS; HE COMMENTED THAT GOC OFFICIALS WOULD PROBABLY BE SURPRISED AT SOME OF THE FRANK RESPONSES HE HAD RECEIVED (HE DID NOT, HOWEVER, LET ANYONE IN ON THESE RESPONSES).

6. AS CONGEN CALGARY WAS UNABLE TO ARRANGE APPOINTMENTS IN EDMONTON WITH PREMIER LOUGHEED AND HIS MINISTERS, THAT PORTION OF THE TRIP WAS SCRUBBED. KRUEGER HAS INFORMED ECON COUNSELOR, HOWEVER, THAT HE IS MAKING PLANS TO RETURN TO CANADA IN EARLY DECEMBER AND WILL AGAIN BE REQUESTING THAT APPOINTMENTS BE SECURED WITH MINISTERIAL LEVEL OFFICIALS BOTH IN FEDERAL AND PROVINCIAL (ALBERTA) GOVERNMENTS. EMBASSY HAS DOUBTS THAT ATTEMPTS TO MEET WITH ENERGY MINISTER MACDONALD OR HIS SENIOR OFFICERS WILL BE MUCH MORE SUCCESSFUL THIS TIME AROUND. IN EVENT EMBASSY RECEIVES REQUEST FOR ASSISTANCE FROM KRUEGER DIRECTLY WE WILL REFER TO DEPARTMENT FOR ADVICE.

8. FOR SUBSEQUENT VISITS TO CANADA OF THIS NATURE, IT IS ESSENTIAL THAT EMBASSY RECEIVE MORE LEAD TIME, PARTICULARLY WHEN REQUESTS ARE FOR HIGH-LEVEL APPOINTMENTS. IT WOULD ALSO HAVE BEEN HELPFUL IF EMBASSY HAD KNOWN IN ADVANCE OF THE EXISTENCE AND LEVEL OF KRUEGER'S SECURITY CLEARANCE.
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